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In The
Supreme Court of the United States

SAMSUNG ELECTRONICS CO., LTD.,
SAMSUNG ELECTRONICS AMERICA, INC.,
SAMSUNG TELECOMMUNICATIONS AMERICA LLC,

Petitioners,

v.

APPLE INC.,

Respondent.

On Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

BRIEF OF *AMICI CURIAE* ON BEHALF OF INTELLECTUAL PROPERTY PROFESSORS IN SUPPORT OF RESPONDENT

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INTEREST OF THE *AMICI CURIAE*

Amici are intellectual property law professors.[1] We have no personal interest in the outcome of this case. We have a professional interest in the sound development and administration of patent law, particularly design patent law. Institutional affiliations are given for identification purposes only. No one other than the undersigned wrote or funded any portion of this brief. Both parties have consented to the filing of this brief.

SUMMARY OF THE ARGUMENT

The argument in this case for engrafting an apportionment limitation onto the design patent remedies provision (35 U.S.C. § 289) turns on the proposition that utility patent rules on remedies necessarily also work well for design patents. That proposition is flawed. It is inconsistent with the orientation of the design system, as the history of the origin and evolution of that system demonstrates. Moreover, the very existence of a special remedies provision for designs suggests that Congress recognized the need for a rule that diverged from general utility patent law.

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[1] No counsel for a party authored this brief in whole or in part, and no counsel or party made a monetary contribution intended to fund the preparation or submission of this brief. No person other than *amici curiae*, its members, or its counsel made a monetary contribution to its preparation or submission. The parties have consented to the filing of this brief.

The history and text of the special remedies provision confirm as much. Before the provision existed, design patents were subject to the general utility patent remedies provisions. Decisions of this Court in the *Dobson* cases exposed significant problems with that arrangement: there was no fixed statutory minimum monetary award, and, when apportionment of profits or damages was required, proving the amount was perceived to be impossible. Congress responded by turning to British design registration law, which permitted registrants to seek either a fixed statutory award or an alternative monetary remedy.

Whereas the British provision specified that the alternative monetary remedy was in the form of "damages," Congress changed the language to provide that American design patent holders could recover the "total profit" made on the sale of "any" article of manufacture bearing the design. The term "total" precludes apportionment. The legislative history and case law overwhelmingly adopt this view. In addition, the term "any" forecloses the argument that a quasi-apportionment restriction could be interjected into the statute by an analysis that redefines and subdivides the article of manufacture. Finally, there is no evidence that Congress introduced an apportionment requirement *sub silentio* when it recodified the patent statute in 1952.

In sum, the arguments for apportionment presented in this case are assertions of legislative policy rather than exercises in statutory construction. They are arguments either that Congress was unwise to

pass the special remedies provision initially, or that changed circumstances demand a different rule today. Whatever the merits of those policy arguments, they are matters for Congress, and this Court should rule accordingly.

ARGUMENT

I. THE DESIGN PATENT SYSTEM'S SPECIAL REMEDIES PROVISION REFLECTS INFLUENCES BOTH INTERNAL AND EXTERNAL TO PATENT LAW, AND MUST BE CONSTRUED ACCORDINGLY.

The design patent system is a study in eclecticism. It is nominally a patent system, but it draws on concepts from other areas of intellectual property law, such as copyright and trademark. It is crucial to recognize this in order to construe the design patent remedies provision at issue in the present case, 35 U.S.C. § 289. The Court should reject any proposed constructions that demand that the rules for utility patent remedies must animate design patent remedies under Section 289.

The original design patent legislation enacted in 1842 was stitched together from elements of British copyright and design registration law, combined with principles of American patent law. *See* JASON J. DU MONT & MARK D. JANIS, *The Origins of American Design Patent Protection*, 88 IND. L.J. 837 (2013). The Court's first major design patent decision borrowed

concepts from trademark and copyright law to craft a test for design patent infringement that still governs today. *Gorham Co. v. White*, 81 U.S. 511, 528 (1872). The goal of the system, as articulated in that same case, is "to give encouragement to the decorative arts," which simultaneously evokes aspirations of both the patent and copyright systems. *Id.* at 524.

Likewise, from its inception, the design patent system has protected diverse categories of subject matter. The 1842 Act extended protection to product shapes and ornamentation, but also to patterns, prints, and pictures, and even designs for busts and statues. *See* Act of Aug. 29, 1842, ch. 263, § 3, 5 Stat. 543. Over the years, many designs that have fallen within the ambit of the design patent system have originated from industrial endeavors and thus may seem kin to the technological subject matter of utility patents.

Jordan Mott
Design for a Stove[2]

Thomas Edison
Design for an Incandescent Electric Lamp[3]

Cornelius Vanderbilt
Design for a Locomotive-Tender Body[4]

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[2] U.S. Patent No. D17 (issued Feb. 12, 1844). Jordan Mott and a group of manufacturers and mechanics played a critical role in the design patent act's passage in 1842. DU MONT & JANIS, *The Origins of American Design Patent Protection*, *supra*, at 856.

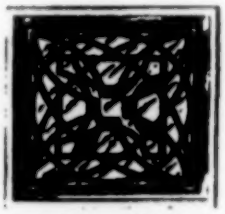
[3] U.S. Patent No. D12,631 (issued Dec. 27, 1881).

[4] U.S. Patent No. D34,765 fig.2 (issued Jul. 9, 1901).

Yet many other designs may seem more closely aligned with the visual arts.

Hugh Christie
Design for a Carpet[5]

August Bartholdi
Design for a Bust[6]



Frank Lloyd Wright
Design for a Prism-Light[7]

Unlike utility patents, which protect inventions that fall within the categories defined in 35 U.S.C. § 101, design patents protect ornamental appearance, in the form of surface ornamentation, product shapes, or combinations of the two. 35 U.S.C. § 171 (extending design patent protection to "any new, original and ornamental design for an article of manufacture"); *In re Schnell*, 46 F.2d 203, 209 (C.C.P.A. 1931) (defining categories of design). But in order to receive design patent protection, designs must satisfy many of the patentability criteria applicable to inventions—such as novelty and non-obviousness. *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 148 (1989); 35 U.S.C. § 171(b) (incorporating patentability criteria from utility patent law).

It therefore should come as no surprise that the law of remedies for design patent infringement also

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[5] U.S. Patent No. D10,778 (issued Aug. 13, 1878). Discussed in further detail below, this design patent was at issue in *Dobson v. Hartford Carpet Co.*, 114 U.S. 439, 440 (1885).

[6] U.S. Patent No. D10,893 (issued Nov. 5, 1878).

[7] U.S. Patent No. D27,977 fig.1 (issued Dec. 7, 1897).

embraces patent and non-patent concepts. Design patent holders may seek monetary relief under the remedies provision that applies in utility patent cases (35 U.S.C. § 284), or under the special remedies provision at issue in this case (35 U.S.C. § 289), applicable only in design patent cases. *Catalina Lighting, Inc. v. Lamps Plus, Inc.*, 295 F.3d 1277, 1290 (Fed. Cir. 2002). The utility patent remedy provision calls for courts to award the prevailing patentee damages that are "no less than a reasonable royalty," and offers courts discretion to increase the award up to three times. 35 U.S.C. § 284; *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S.Ct. 1923, 1932 (2016). The special remedies provision for design patent matters authorizes courts to award prevailing design patentees either (1) a fixed statutory award of $250, or (2) the infringer's "total profit" made from the infringement, which may not be trebled. 35 U.S.C. § 289; *Braun Inc. v. Dynamics Corp.*, 975 F.2d 815, 824 (Fed. Cir. 1992) (holding that a profits award under § 289 cannot be trebled). Section 289's two-pronged structure more resembles the structure of the modern copyright and trademark remedies provisions than the utility patent provisions, although its "total profit" language does not appear in those provisions. *See* 17 U.S.C. §§ 504(b)-(c) (for copyright infringement, authorizing statutory damages of "not less than $750 or more than $30,000" for all infringements with respect to any one work, or an alternative monetary remedy); 15 U.S.C. §§ 1117(a)-(b) (for trademark counterfeiting, authorizing an award of profits and damages, or "not less than $1,000 or more than $200,000 per counterfeit mark per type of goods or services. . ").

As the foregoing illustrates, any argument that the Court must confine itself strictly to utility patent jurisprudence when adjudicating a design patent matter, transplanting legal tests *ipsissimis verbis* from one to the other, should be rejected. Yet that is the underlying logic of the apportionment argument in this case: that a rule of apportioning monetary remedies must be suitable for design patents because courts have deemed it comprehensible when applied to patentable improvements for multi-component mechanical inventions under utility patent law. That logic would be dubious even if design patent remedies were governed only by the general utility patent remedy provisions. But it collapses entirely in the face of the modern statute, which diverges from utility patent law via Section 289.

II. THE TEXT AND HISTORY OF THE SPECIAL REMEDIES PROVISION PRECLUDE COURTS FROM INDULGING IN APPORTIONMENT ANALYSIS.

An analysis of the text and history of the special remedies provision confirms that the apportionment argument in this case must be rejected. Section 289 provides that:

> Whoever during the term of a patent for a design, without license of the owner, (1) applies the patented design, or any colorable imitation thereof, to any article of manufacture for the purpose of sale, or (2) sells or exposes for sale any article of manufacture to which such

> design or colorable imitation has been applied shall be liable to the owner to the extent of his *total profit*, but not less than $250, recoverable in any United States district court having jurisdiction of the parties.
>
> Nothing in this section shall prevent, lessen, or impeach any other remedy which an owner of an infringed patent has under the provisions of this title, but he shall not twice recover the profit made from the infringement.

35 U.S.C. § 289 (emphasis added). The provision traces back to 1887. Act of Feb. 4, 1887, ch. 105, § 1, 24 Stat. 387. Congress passed it in response to the Court's decisions in *Dobson v. Hartford Carpet Co.*, 114 U.S. 439 (1885), and *Dobson v. Dornan*, 118 U.S. 10 (1886), which had borrowed the apportionment rule from utility patent law and applied it for the first time to design patents.

In the present case, the Court is being asked to reinstitute the apportionment rule from the *Dobson* cases. Although presented as a straightforward statutory interpretation exercise, the effort is in fact an impermissible derogation from Section 289's text and history. Both are clear, even if not pristine. Apportionment is foreclosed.

A. Because Utility Patent Remedy Rules Appeared to Be Unworkable for Design Patents, Congress Passed a Special Remedy Provision that Drew on British Design Registration Law.

1. The Dobson *Cases Showed that Applying Utility Patent Rules to Design Patents Would Routinely Result in Only Nominal Monetary Awards for Design Patent Infringement.*

The problem that impelled Congress to take up special remedies legislation for design patent infringement was two-fold: the patent statute lacked any mandatory floor for monetary recovery, and the courts had begun to apply an apportionment rule to claims for monetary recovery in patent infringement cases. JASON J. DU MONT & MARK D. JANIS, AMERICAN DESIGN PATENT LAW: A LEGAL HISTORY (2016).[8] The 1870 Act authorized courts to award prevailing patentees actual damages in cases at law, or the infringer's profits, along with any additional actual damages, in equity cases. Act of July 8, 1870, ch. 230, §§ 55, 59, 16 Stat. 198. From the patent owner's perspective, the actual damages remedy was important, even in equity cases, because there was a belief that many infringers were willing to accept minimal profits in order to undersell

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[8] The chapter on design patent remedies is freely available from SSRN. JASON J. DU MONT & MARK D. JANIS, AMERICAN DESIGN PATENT LAW: A LEGAL HISTORY, CH. 6—DESIGN PATENT REMEDIES 29 (May 26, 2016), http://ssrn.com/abstract=2784746 (hereinafter "DU MONT & JANIS, AMERICAN DESIGN PATENT LAW").

the patentee. In calculating actual damages both in law and in equity, courts preferred evidence of established royalties from actual licenses, although they sometimes accepted evidence of the patent holder's probable lost profits. 3 WILLIAM ROBINSON, THE LAW OF PATENTS FOR USEFUL INVENTIONS § 1155 (1890). However, there was no fallback position; the modern "reasonable royalty" floor for damages did not then exist, nor did any other rule of minimum recovery until 1922. *See* Act of Feb. 18, 1922, ch. 58, § 8, 42 Stat. 389 (requiring a minimum award of a "reasonable sum"). As a consequence, even in cases of willful infringement, patentees stood at some risk of recovering nothing more than nominal damages in the traditional amount of six cents. DU MONT & JANIS, AMERICAN DESIGN PATENT LAW, *supra* note 8, at 10.

For design patent holders, that risk was magnified substantially when the Court subjected monetary claims in design patent cases to an apportionment requirement. *See Dobson v. Hartford Carpet Co.*, 114 U.S. at 445. Although the 1870 Act included no rule requiring apportionment either in law or in equity matters, courts had discussed the concept in a handful of utility patent cases. Typically, these cases involved multi-component mechanical inventions in which the patentable improvement resided in a physically discrete, readily-identifiable component—such as an improved seat on McCormick's famous reaping machine. *Seymour v. McCormick*, 57 U.S. 480, 490-91 (1853). Subdividing damages (or profits) claims to identify the portion attributable to the improvement may have

seemed plausible on those facts. But in *Garretson v. Clark*, 111 U.S. 120, 121 (1884), another case involving a mechanical improvement, the Court appeared to suggest that apportionment be transformed into a general principle of patent damages. The opinion adopted almost verbatim the circuit court opinion in the case. *Garretson v. Clark*, 10 F. Cas. 40 (C.C.N.D.N.Y. 1878). But this was not surprising, since the author of the circuit court opinion—now Justice Samuel Blatchford—was appointed to the Supreme Court by the time *Garretson* reached that stage.[9]

Soon after *Garretson*, the Court extended the apportionment rule to design patents in the *Dobson* cases. *See* DU MONT & JANIS, AMERICAN DESIGN PATENT LAW, *supra* note 8, at 11-30 (analyzing the record of the *Dobson* cases). In *Dobson v. Hartford Carpet Co.*, three consolidated cases brought in equity, the lower court had approved damages awards totaling nearly $3,000, based on an estimate of the patentee's lost profits on sales allegedly lost as a result of the infringing carpet designs.[10] The Court reversed, vacating the award and instructing the lower court to award six cents in each case as nominal damages. *Id.* at 447. In *Dobson v. Dornan*, which presented similar facts, the Court likewise reversed a $6,000 damages judgment and substituted six cents nominal damages. 118 U.S. at 16-17.

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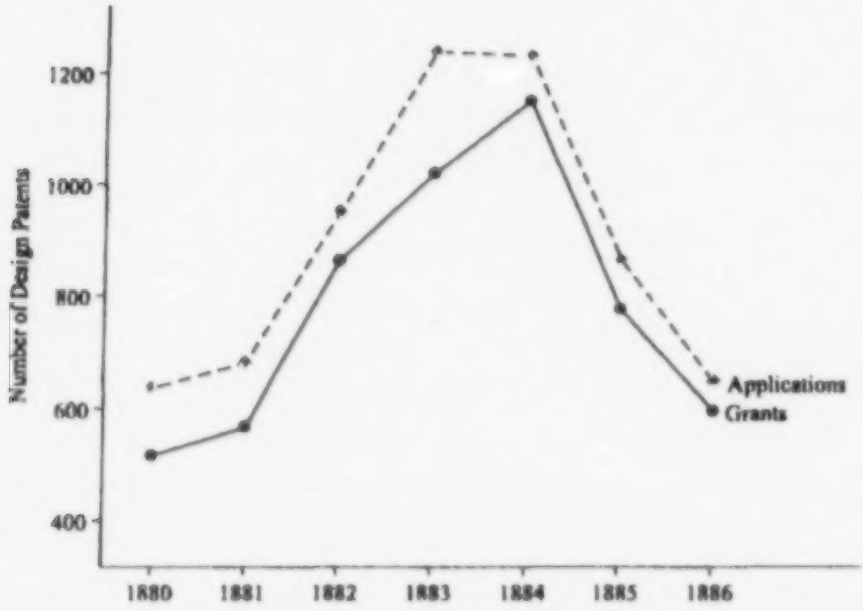
[9] Blatchford had reason to be familiar with the apportionment rule. He represented the patentee in *Seymour v. McCormick*, 2 Blatch. 240 (C.C.N.D.N.Y. 1851).

[10] 114 U.S. at 441-43. An image from one of the design patents at issue in this case is included above in Part I.

Justice Blatchford wrote the opinions in both *Dobson* cases. He insisted that the apportionment rule should be "even more applicable" to design patents than to utility patents, because design was a mere matter of "evanescent caprice." *Dobson v. Hartford Carpet Co.*, 114 U.S. at 445. According to Justice Blatchford, consumers purchased goods primarily because of the "intrinsic merits of quality and structure" of the article in which the design was embodied, not because of the aesthetic appeal of the design. *Id.* Therefore, he reasoned, a design patent holder seeking the infringer's "entire profit" should be required to prove that the profits were solely attributable to the design. *Id.* at 445-46. Because the carpet design patent holders had failed to do so, they were entitled only to nominal damages. *Id.* at 445-46. Justice Blatchford reiterated this reasoning in *Dobson v. Dornan*, 118 U.S. at 16-17

Within months of the first *Dobson* decision, Congress took up proposals for a special remedies provision for design patents. DU MONT & JANIS, AMERICAN DESIGN PATENT LAW, *supra* note 8, at 30-31. The House and Senate reports maintained that the *Dobson* cases presented an "emergency" that threatened to "virtually repeal the design patent laws" and to undermine the "rapid growth" in the American design profession that the design patent laws had fostered. S. REP. NO. 49-206, at 1 (1886); H.R. REP. NO. 49-1966, at 1 (1886). In the wake of the *Dobson* cases, design patent issuances had fallen by fifty percent, the reports asserted. *See, e.g.*, S. REP. NO. 49-206, at 1. As shown in the graph

below, our own empirical work provides some evidence for this observation.



DU MONT & JANIS, AMERICAN DESIGN PATENT LAW, *supra* note 8, at 34 (noting that the decline began while the *Dobson* cases were still pending at the Supreme Court). According to the Senate report, all of this was the "practical result" of the *Dobson* cases, which had signaled that "that the design patent laws provide no remedy for a consummated infringement." S. REP NO. 49-206, at 1. They provided no remedy due to the coupling of the apportionment requirement with a remedies provision that lacked any statutory minimum award.

2. *Congress Rejected the Approach of the* Dobson *Cases, and Passed a Special Remedies Provision that Prohibited Apportionment and Established a Mandatory Minimum Award.*

Recognizing that the problem was two-fold, Congress crafted a two-fold solution: a special remedies provision for design patents that rejected the *Dobson* cases, establishing instead (1) a minimum monetary award for instances of design patent infringement and (2) an alternative award of disgorgement of the infringer's total profits on products bearing the infringing design. Congress made explicit that it was creating "a new rule of recovery" that accounted for the "peculiar character" of designs, dispensing with the assumption that designs were matters of mere triviality that could be treated even more harshly than minor mechanical improvement inventions. S. REP. NO. 49-206, at 2; H. REP. NO. 49-1966, at 2. The rules that governed monetary remedies for inventions should be "inapplicable to designs," the reports specified. S. REP. NO. 49-206, at 2; H. REP. NO. 49-1966, at 2.

Accordingly, in drafting the special remedies provision, Congress departed from the utility patent orientation of the *Dobson* cases, borrowing instead from a more relevant source: British design registration law. S. REP. NO. 49-206, at 1-2 (criticizing the *Dobson* cases and comparing the legislation to the "English statute"); WILLIAM D. SHOEMAKER, PATENTS FOR DESIGNS 339 (1929) (noting that the 1887 Act responded to the "harsh rule in the *Dobson* cases"). For over forty years,

the British registration regime had provided that infringers would be liable to the registrant for "a sum not less than five pounds and not exceeding thirty pounds," for every offense, or for "any damages which [the registrant] shall have sustained." An Act to Consolidate & Amend the Laws Relating to the Copyright of Designs for Ornamenting Articles of Manufacture, 1842, 5 & 6 Vict., c. 100, §§ VII-IX (Eng.), *reprinted in* DU MONT & JANIS, AMERICAN DESIGN PATENT LAW, *supra* note 8, at App. A; *see also* Patents, Designs, & Trade Marks Act, 1883, 46 & 47 Vict., c. 57, § 58 (Eng.) (awarding either "a sum not exceeding fifty pounds" for every offense, or "any damages").

The U.S. legislation borrowed heavily from the British design registration provision. DU MONT & JANIS, AMERICAN DESIGN PATENT LAW, *supra* note 8, at 31-32 (comparing Congress's initial proposal with British law). It borrowed the concept of a two-pronged framework consisting of (1) a statutory award coupled with (2) an alternative award reflecting actual losses. It even borrowed the statutory amount (fifty pounds being roughly equivalent to $250 at the time).

Indeed, because Congress copied so much from the British provision, it is all the more self-evident that the few changes Congress did make were meant to be significant. Regarding the first prong, Congress substituted a statutory minimum, seeking to make awards under this prong high enough to "command for the design patent laws a respect which is the patentee's

greatest protection." H. REP. NO. 49-1966, at 3.[11] Regarding the second prong, the U.S. legislation deleted "damages" and substituted "profit," an important clarification given that the distinction between profits and damages was enshrined in the 1870 Act for patent cases brought in equity, and equity was the preferred forum for U.S. patent cases at the time. Christopher Beauchamp, *The First Patent Litigation Explosion*, 125 YALE L.J. 848, 912 (2016). What is most striking, however, is that Congress also inserted the modifier "total" before "profit," language that did not appear in the British legislation but was central to the legislative solution that Congress sought to craft.[12]

B. The Special Remedies Provision's "Total Profit" Language Precludes Apportionment.

1. The Term "Total" is Clear on its Face.

In drafting a provision to achieve its objective of overturning the *Dobson* cases, Congress could hardly

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[11] *See also id.* ("The amount prescribed seems to be the average amount that will work substantial justice in the long run, taking into account all trades and industries that are likely to avail themselves of the design patent laws.").

[12] Petitioner asserts that the 1887 Act was modeled on British "patent-infringement statutes," and cites *Elwood v. Christy*, 144 Eng. Rep. 537 (1865), for the proposition that British law incorporated a "causation principle" that must have carried into the 1887 Act. Pet. Br. at 40. But the 1887 Act was based on British *design registration* provisions, not British utility patent provisions. And *Elwood* was not a design registration case; it was a utility patent case.

have been clearer: design patent holders were entitled to seek the infringer's "total" profits on sales of the infringing articles. "Total" means total. The *Dobson* opinions had differentiated between apportioned and "entire" profits, choosing apportioned profits. Congress expressly rejected the *Dobson* opinions and chose an award of "total" profits.

Moreover, the only plausible explanation for Congress to inject the modifier "total" was to make clear that it was disavowing apportionment. Had Congress intended otherwise—had it intended to preserve even an option for infringers to argue apportionment—it had a multitude of simple expedients at its disposal, none of which it used. For example, had Congress sought to add a statutory minimum as one option for design patent holders and apportioned profits as the other, it could have simply passed the $250 rule alone. Or, in an abundance of caution, it could have passed the $250 rule and noted that design patent holders retained the alternative of seeking "profits" (or damages) under the existing utility patent remedy provisions (which required apportionment according to *Garretson*, 111 U.S. at 292). Or it could have passed the $250 rule and expressly noted that design patent holders retained the alternative of seeking "profits" (or damages) subject to the *Dobson* apportionment limitation. Instead, it passed the $250 rule and a "total" profits alternative.

2. *The Legislative Record Confirms that "Total" Precludes Apportionment.*

The House and Senate reports confirm, repeatedly, that "total" must be interpreted to foreclose apportionment. According to the Senate, in the context of designs, proof of apportionment realistically could "never be furnished":

> The Supreme Court [in *Dobson*] held that the complainant must clearly prove what part of his own damage or what part of defendant's whole profit on the article made and sold was directly due to the *appearance* of those articles as distinguished from their material, their fabric, their utility, etc. It has been abundantly shown to your committee, even if any such showing were necessary, that the proof thus called for can never be furnished.

S. REP. NO. 49-206, at 1-2 (emphasis in original). The House report explains that the legislation therefore adopts a total profits rule:

> It is expedient that the infringer's entire profit on the article should be recoverable, as otherwise none of his profit can be recovered, for it is not apportionable; and by the patentee, for it is the design that sells the article, and so that makes it possible to realize any profit at all.

H. REP. NO. 49-1966, at 3. The House report further elaborated that under the legislation, the design patent holder is entitled to "all the profit the infringer made on the goods marked," and that "[t]he patentee

recovers the profit actually made on the infringing article if he can prove that profit, that is, what the infringer realized from the infringing articles minus what they cost him. " *Id.*

As these passages make plain, Congress saw the debate over the profits rule as presenting a stark choice between all or nothing. That is, it saw a choice between two default propositions: prevailing design patent holders are permitted by default to collect all profits (because designs should be assumed to "sell the article") or no profits (because designs should be assumed to be nothing more than a matter of evanescent caprice). H. REP. NO. 49-1966, at 3. Congress defaulted to the former.

It necessarily follows that Congress did not intend for courts to make individualized inquiries as to whether the design in fact "sold the article" at issue, because it assumed that such evidence would be so difficult to provide that design patent holders would invariably fail. Nor did Congress leave room for courts to import extraneous restrictions drawn from background principles of causation, for the same reason: it was defaulting to an award of "the entire profit on the article." A case-by-case inquiry, whether framed expressly as "apportionment" or more subtly as "causation," would frustrate Congress' purpose.

It would also be wrong to assume that Congress naively enacted an excessively generous rule while lacking any real understanding as to how it might operate. Congress was apparently well aware that its

rule for design patents was more generous than the available utility patent infringement remedy, but still saw it as a measured approach that was less generous than the profits remedy available at the time under copyright law. *See, e.g.*, H. REP. NO. 49-1966, at 3 ("The copyright law goes far beyond this, for there the capital and labor are forfeited . " in addition to the recovery of other damages.). And, of course, the notion of an equitable accounting of defendant's profits had long been familiar in courts of equity. *See* Joel Eichnegrun, *Remedying the Remedy of Accounting*, 60 IND. L.J. 463, 463-67 (1985) (tracing the historical origins of the accounting remedy).

Finally, it would be erroneous to assume that the legislative record must be pristine in order to foreclose an apportionment argument. As demonstrated above, the House and Senate reports, which make up the bulk of the legislative history, are definitive in their rejection of an apportionment requirement. The remaining component of the legislative history, the House floor debate, is muddled. For example, Representative Martin, after stating that the House Report "is a very elaborate one, covering all the points, and . . it leaves very little to be said," 18 CONG. REC. 834 (1887), unfortunately did proceed to say more—contradicting the House Report by suggesting, in response to a question, that the bill included an apportionment requirement. *Id.* at 835. This response baffled those present in the chamber, who wondered why new legislation was necessary if the existing apportionment rule was being retained. *Id.* at 836. After further questioning, Martin

eventually corrected himself, acknowledging that the bill provided the design patent holder with the prospect of recovering the infringer's profits in the amount of "the total earnings of the business from that source." *Id.*

In sum, the legislative record confirms, with force, that "total" in fact means total. Confused comments on the House floor cannot be read to change the overwhelming import of the legislative record taken as a whole. If anything, the House floor debate proves only that Representative Martin was surely correct when he conceded: "I do not pretend to be as familiar with the language employed about patents as, perhaps, I ought to be. . . " 18 CONG. REC. at 835.

3. The Case Law Confirms that Apportionment is Forbidden.

Case law extending back for well over a century likewise confirms that the phrase "total profits" forecloses the apportioning of profits. In *Untermeyer v. Freund*, 50 F. 77, 79-80 (C.C.S.D.N.Y. 1892)—the first major litigation over the total profits rule—the trial court refused to apply an apportionment analysis to the following watch case design.

Henry Untermeyer
Design for a Watch-Case[13]

After quoting the "total profits" language from the 1887 Act, the court concluded that "[n]othing can be plainer than this. It is the profit on the sale of the article for which the infringer must account, and not alone the profit which can be demonstrated as due to the design." *Id.* at 79.

The Second Circuit agreed, stating that "[t]he rule which congress declared for the computation of profits was the total profit from the manufacture or sale of the article to which the design was applied, as distinguished from the preexisting rule of the profit which could be proved to be attributable to the design." *Untermeyer v. Freund*, 58 F. 205, 212 (2d Cir. 1893); *see also* SHOEMAKER, *supra*, at 339 (agreeing with this construction of the 1887 Act). Even the infringer's lawyer conceded (in a law review article written at the time of the litigation) that the "letter" of the statute called for an award of profits "whether those profits are due to the design or not." Frederic H. Betts, *Some Questions Under the Design Patent Act of 1887*, 1 YALE L.J. 181,

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[13] U.S. Patent No. D15,121 fig.1 (issued Jul. 1, 1884).

188 (1892). Betts unsuccessfully attempted to persuade the court to rely on the "spirit" of the provision, as he saw it. *Id.* at 190.

The only cases cited for a contrary interpretation of the 1887 Act shed no light on the question before the Court in the present case. Proponents of apportionment urge the Court to rely on the *Piano* cases, *Bush & Lane Piano Co. v. Becker Bros.*, 222 F. 902 (2d Cir. 1915) (hereinafter "*Piano I*") and *Bush & Lane Piano Co. v. Becker Bros.*, 234 F. 79 (2d Cir. 1916) (hereinafter "*Piano II*"), which involved a design for a piano case as shown below.

Walter Lane
Design for a Piano-Case[14]

But the record in the cases is muddled. In *Piano I*, the Second Circuit decided 2-1 to award the design patent holder a monetary remedy based on sales of the entire piano case. The majority's remedy calculation evidently was based on the view that there was a market for piano cases separate from the market for finished pianos. *Piano I*, 222 F. at 904 (asserting that the piano

[14] U.S. Patent No. D37,501 (issued Jul. 25, 1905).

case "may be and is sold separate and apart from the music-making apparatus"). But the majority left unclear its views on whether the infringer in fact was selling finished pianos, and, if so, whether that fact was relevant to the calculation.

On appeal after remand, a 2-1 majority in *Piano II* again awarded a remedy based on sales of the piano case. This time the court declared that *Piano I* had been incorrect in suggesting that there was a separate market for piano cases—but it struggled to explain why the remedy should be based on the piano case alone if, in fact, the infringer was selling finished pianos, especially given that *Untermeyer* had prohibited apportionment and was binding. Indeed, Judge Ward, the dissenter in both *Piano I* and *Piano II*, appeared to believe that the infringer was selling finished pianos, and reasoned that the remedy should be based on the finished pianos. *Piano II*, 234 F. at 84-85 (Ward, J., dissenting).

The lessons from *Piano I* and *II* are straightforward but unhelpful to the proponents of the apportionment argument in this case. If the infringer was selling piano cases, then the remedy was correctly based on piano cases and any discussion of apportionment in the majority opinions in either *Piano I* or *II* was gratuitous. If the infringer was selling finished pianos, the cases were wrongly decided for the reasons enunciated by Judge Ward. That is the only extent to which *Piano I* and *II* should inform the modern Section 289 inquiry.

Young v. Grand Rapids Refrigerator Co., 268 F. 966 (6th Cir. 1920), is even less illuminating. There, the court declined to overturn the lower court's award of the $250 fixed statutory remedy in a case involving the design for a refrigerator latch depicted below.

Leonard Young

Design for a Latch-Case[15]

It is questionable whether the patentee made any serious attempt to request total profits under the special remedies provision at all. *Id.* at 974 (observing that "it is not seriously contended that all the profits from the refrigerator belonged to [the patent holder]"). Regardless, the court devoted virtually no discussion to the apportionment issue.

In any event, modern courts applying Section 289 of the 1952 Act have uniformly declined to apportion profits. *Nike, Inc. v. Wal-Mart Stores, Inc.*, 138 F.3d 1437, 1441 (Fed. Cir. 1998) (observing that Congress "removed the apportionment requirement" when enacting the predecessor to Section 289); *Bergstrom v. Sears, Roebuck & Co.*, 496 F. Supp. 476, 495 (D. Minn. 1980) (asserting that "[t]he very language used in the statute, 'total profit,' undermines the defendants' [apportionment] arguments, as it is unlikely that Congress would have used such all encompassing language if it intended that a design patentee could only

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[15] U.S. Patent No. D48,958 fig.1 (issued Apr. 25, 1916).

recover profits attributable solely to the design or ornamental qualities of the patented article."); *see also Schnadig Corp. v. Gaines Mfg. Co., Inc.*, 620 F.2d 1166, 1171 (6th Cir. 1980) (awarding infringer's total profits under Section 289 without mention of apportionment); *Henry Hanger & Display Fixture Corp. of Am. v. Sel-o-Rak Corp.*, 270 F.2d 635, 642-44 (5th Cir. 1959) (same). As demonstrated, these decisions are well-grounded in the text and history of the special remedies provision.

C. The Phrase "Article of Manufacture" Does Not Authorize a Back-Door, Quasi-Apportionment Analysis.

The Solicitor General has suggested that even though the language "total" plainly forbids apportionment, Congress nonetheless left courts free to achieve the equivalent result by redefining the "article of manufacture" to which the infringing design has been applied. Solic. Gen. Br. 25. This task would entail a "case-specific examination of the relationship among the design, any relevant components, and the product as a whole," effectuated through use of a multi-factor test. *Id.* at 27-29.

We take no position as to whether this issue was preserved, but, in any event, the plain language of the statute forecloses the Solicitor General's suggested approach. First, Section 289's article of manufacture is the *infringer's* product, not the patentee's. Second, Section 289 makes clear that while the infringer's *design* must be at least a colorable imitation of the patented

design, the infringer's *product* may be *anything* that bears the design. That is, Section 289 specifies that liability follows when an infringing manufacturer applies a patented design to "*any* article of manufacture," or when an infringing retailer sells "*any* article of manufacture" to which an infringing design has been applied. There is no basis in the statute for using the patent holder's article identified in the design patent as a critical factor that confines the Section 289 profits calculation to something less than what the infringer actually sold.

In addition, the Solicitor General's proposal should be rejected because it places Section 289's respective clauses at war with one another. To accept the proposal, one would have to accept that Congress slammed the door on apportionment by using the term "total," but then simultaneously reopened it through use of the phrase "article of manufacture," permitting courts to engage in a case-by-case apportionment analysis under a new name. But the history of the special remedies provisions shows that Congress adopted the total profits rule as a default rule. And, whether intended or not, the Solicitor General's proffered factors analysis invites courts to engage in apportionment analysis. For example, proposed factor two invites fact-finders to "examine the relative prominence of the design within the product as a whole," a formulation that encourages apportionment even if it does not intend to mandate it. *Id.* at 28-29. This factor would be likely to dominate future analysis, considering that other

proposed factors (such as factor three, conceptual separability, and factor four, physical separability) have long created controversy in copyright law and would be equally clumsy in design patent law.

Finally, it is unlikely that the proposed analysis would achieve the stated goal of curbing allegedly disproportionate infringement liability. It is more likely to generate error of its own, given that it would be costly, complex, and unpredictable to apply. It also would be likely to induce design patent drafters to strategically redefine the "article of manufacture" associated with their claimed designs in order to avoid the quasi-apportionment effect of the proposed analysis. This may have additional unintended consequences for aspects of design patent validity analysis, which depend on a coherent notion of the "article."

At bottom, the Solicitor General's proposal is a suggestion for amending the statute, not for construing it. A debate that considers the merits of the proposal alongside concerns such as those raised above might well be worth having. But the forum for such a debate is Congress.

D. Amendments to the Special Remedies Provision Introduced in 1952 Provide No Basis for Interjecting an Apportionment Analysis.

Other attempts to interject apportionment under the guise of interpreting the 1952 Act's language are

not plausible and should not be entertained. For example, the Court is urged to rule that when Congress added the phrase "to the extent of" total profits during the 1952 recodification of the patent laws, it intended to resuscitate *sub silentio* the apportionment rule. The legislative history reflects no such intent. Indeed, it shows that Congress intended no material change to the remedies provision when it added this language. *See Patent Law Codification & Revision: Hearings on H.R. 3760 Before Subcomm. No. 3 of the Comm. on the Judiciary*, 82nd Cong., 1st Sess. 109-10 (1951) (statement of P. J. Federico, U.S. Patent Office) (stating that "the present code merely puts [the subject of design patents] in its place without attempting to make any changes in the statute"). The fact that Congress also did not update the $250 award—despite the fact that it had not been changed in over 65 years after the 1887 Act's passage—surely confirms that it intended no substantive change to the provision.

Some have also attempted to justify interjecting an apportionment requirement by asserting that Congress must have meant to reintroduce the apportionment restriction as a counterweight to its removal of the knowledge requirement in the 1952 recodification. There is no support in the 1952 legislative record for this argument.

More fundamentally, the argument misconstrues (and hence exaggerates) the reach of the knowledge requirement under the 1887 Act. That requirement only applied to sellers under the 1887 Act. Profits liability for manufacturers was always strict liability. DU MONT

& JANIS, AMERICAN DESIGN PATENT LAW, *supra* note 8, at 32.[16] In any event, liability for all infringers, under the 1887 Act and under the 1952 Act, is limited by the patent marking requirement. *Id.* at 52-54 (acknowledging the confusion that this has caused in design patent cases).

III. POLICY ARGUMENTS SECOND-GUESSING THE WISDOM OF THE SPECIAL REMEDIES PROVISION MUST BE LEFT FOR CONGRESS.

Shorn of its statutory interpretation pretenses, the pro-apportionment position in the present case is simply an argument that this Court should substitute its policy judgment for that of Congress. The policy position essentially resolves into two alternative arguments: (1) the total profits rule was flawed when passed because it overcompensates design patent holders; or (2) the rule is at least flawed today, because it produces absurd results when applied to the complex subject matter of modern design patents.

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[16] Petitioner argues that the 1887 Congress considered the knowledge requirement to be a "vital safeguard," citing Representative Butterworth's remarks from the House floor debate. Pet. Br. at 43. But nothing in the House or Senate reports supports such an assertion, and early commentators understood both the British and American knowledge requirements to be a limited safeguard applicable only to dealers. DU MONT & JANIS, AMERICAN DESIGN PATENT LAW, *supra* note 8, at 52 (collecting British and American authority).

The first argument bears no weight because it unabashedly asks this Court to substitute its own policy judgment for that of Congress. The *Untermeyer* court rejected this very maneuver in 1892. Indeed, the words of the *Untermeyer* trial court read as though they had been written in response to the petitioner's argument in the present case:

> There is no ambiguity in the language employed [in the 1887 Act], but it is urged that the court is at liberty to place a construction upon the act which will prevent results thought to be unjust and absurd. . . .
>
> Whether the law is wise or unwise is not a question for the court. Arguments of this character should be addressed to the legislature.

Untermeyer, 50 F. at 79. The court noted that "[s]uppositive cases have been suggested for the purpose of showing how the [1887 Act] may produce unjust results requiring the payment of large profits in no way due to the design," but that the "hardship to the patentee" under the pre-1887 Act apportionment rule was also well-established. *Id.* at 80. It noted that "the precise objection now urged" to the total profits rule "was sharply pointed out in [C]ongress," which nevertheless acted "with full knowledge of the situation *pro* and *con*." *Id.* This Court should adopt the same reasoning.

All that remains is the second argument: that circumstances have changed so profoundly since the late 1880s that the wisdom of Congress' judgment should

be reexamined. However, which circumstances have changed, to what extent, and what to do about it are all matters for Congress.

This is not merely a reflexive homage to judicial restraint; it is a matter of pragmatism. Congress is in the best position to effectuate change to the law of design patent remedies, if change is needed, because only Congress is in a position to assess the full range of changed circumstances, and to rebalance the statute as circumstances may dictate, whether that be through a narrowly-targeted recalibration or a comprehensive overhaul. For example, if consensus emerges that Section 289 should be amended to restrict the conditions under which design patent owners could recover total profits, it would surely also be necessary to consider amending Section 289's statutory damages prong to an amount that would be commercially meaningful in modern litigation. It may also be important to specify how the burden of proof should be allocated in cases in which the design patent owner seeks profits.

Moreover, Congress is also best suited to determine whether and how the rules for design patent remedies should account for the relationship between modern design patent protection and other forms of intellectual property protection, such as trademark and copyright. That relationship has changed significantly since the passage of the 1887 Act, and remains the source of some controversy. *See Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 214 (2000) (restricting trade dress protection for product designs while noting that design patent protection may be available for designs that have not yet achieved recognition as

source-identifiers); *Mazer v. Stein*, 347 U.S. 201 (1954) (extending copyright protection to some types of designs associated with useful articles despite the potential for design patent protection); *cf.* 17 U.S.C. § 101 (1976) (restricting copyright protection to designs that incorporate features "that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article."); *Star Athletica, LLC v. Varsity Brands, Inc.*, No. 15-866 (pending) (disputing the legal test for copyright law's separability analysis).

In sum, whether Section 289 should be retained in the face of complex changing circumstances in the larger economic and legal landscape is a matter for Congress. The undersigned take no position on that question in this case and neither should this Court.

CONCLUSION

For the reasons set forth here, this Court should reject the argument that Section 289 permits apportionment.

Respectfully submitted,

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